

Regulation of Utilities

Mission

To protect the public interest by assuring that utilities provide safe and reliable service at a reasonable cost.

Summary of Activities

The Office of Utility Consumer Counselor (OUCC) represents the interest of all Indiana utility consumers and the public relating to electric, natural gas, telephone, water, and sewer services. On consumers' behalf, the OUCC reviews utility requests on rates and other matters and examines utility accounting and financial records; inspects facilities, prepares depreciation and cost of service studies; and requests investigations, when warranted, of utility services or practices.

The Indiana Utility Regulatory Commission (IURC) has regulatory authority over more than 800 utilities. The utilities may be investor-owned, not-for-profit, municipal, cooperative organizations, or water conservancy districts. The IURC is also a fact-finding body that hears evidence in utility-related cases filed and makes decisions based on evidence presented in those cases. The IURC is charged with balancing the interests of ratepayers and utilities to ensure reliable utility service at reasonable rates. The IURC Consumer Affairs Division acts as a mediator between the utility and the consumer when customers have questions or complaints about billing, service quality, and other matters. Consumer Affairs uses information gathered in the complaint handling process to alert the Commission to any consumer problems. If the Division discovers a concern, it may request an investigation be conducted by the Commission or suggest to the utility's customers that they circulate a petition requesting a Commission investigation.



External Factors

The utility markets are undergoing various stages of profound transformation. These ongoing changes have resulted in federal government action that, to varying degrees, is introducing or increasing competitive forces in the marketplace.

Industry change will continue for the foreseeable future and dramatically alter utility markets in many ways, some of which are still undefined. Keeping pace in this environment has always been, and continues to be, a challenge for the OUCC and IURC. Because of recent federal action regarding the regulation of utilities, the workload of the Commission's professional staff is steadily increasing and will continue to increase in the future. This has been particularly acute in the telecommunications area, due to the federal action known as the Telecommunications Act of 1996 (TA96). This initiative imposes a large volume of very complex regulatory tasks on the IURC to be completed within relatively short timeframes.

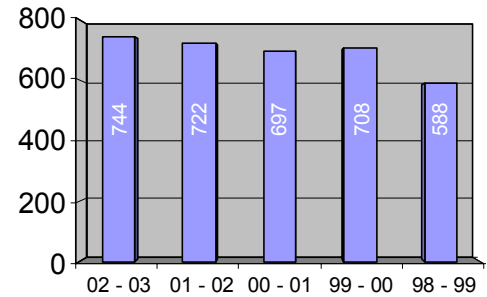


The electric industry may soon undergo competitive change similar to what has occurred over the last few years in the telecommunications area. Several comprehensive bills have been introduced during recent sessions of Congress without success that would have introduced retail competition to the industry. At the state level, electric deregulation has already been introduced in several jurisdictions across the country, including Illinois and Ohio. Utility regulation can be affected by fluctuations in the market price of natural resources. For example, recent increases in the cost of natural gas have raised concerns about the ability of consumers to affordably heat their homes.

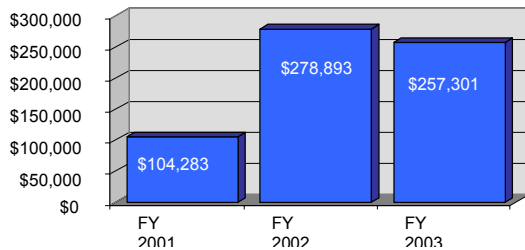
Evaluation and Accomplishments

The IURC has worked diligently in recent years to manage an increased caseload without requiring increases in staffing or other expenditures. Due mainly to the increase of telecommunications work related to TA96, the IURC has experienced an increase in the number of petitions filed for action, from 588 in the 1998-99 fiscal year to over 740 in 2002-03. As a party to each of these cases, the OUCC has also struggled with the increased workload. It has been challenging to absorb this dramatic rise without reductions in service quality. In the coming biennium the IURC plans to improve efficiency and productivity in order to address issues of regulatory lag by instituting measures to improve internal processes.

Petitions Filed



Utilities Adjustments



** Due to an ongoing proceeding before the IURC, a significant variance in adjustments was realized between FY 2001 and FY 2002.

The IURC Consumer Affairs Division has been an integral part in saving Indiana consumers considerable money by practice of mediating disputes. In recent years, the division has been successful in resolving issues between regulated utilities and its consumers resulting in credits/refunds in excess of \$250,000 a year**. An essential part of this success has been the development of strong relationships with representatives of the utilities and consumer groups. These relationships have allowed resolution of disputes without the need for escalation. A secondary piece of such communications with these groups has been the education of consumers regarding their rights and responsibilities in hopes of avoiding future conflicts.

Plans for the Biennium

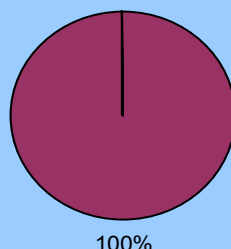
The IURC will take steps to decrease the caseload of individual staff in order to continue to reduce regulatory lag. Over the next two years the IURC will initiate methods for parties to file documents electronically, and promote increased use of the agency web site for timely public information availability.

Program: 1015

	Actual FY 2001	Actual FY 2002	Estimate FY 2003	Appropriation FY 2004	Appropriation FY 2005
(All Funds)	\$9,552,221	\$9,891,270	\$11,479,420	\$11,495,605	\$11,493,018

**Sources of Funds
FY 2004 (Approp)**

□ General ■ Dedicated □ Federal □ Other



**Uses of Funds
FY 2004 (Approp)**

□ Personal Services ■ Distributions □ Capital □ Other

